

MX Factors figure remains in Mexico

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By PAUL HERRERA / The Press-Enterprise

A leading figure in an alleged financial fraud in Riverside County will remain in Mexico and out of the hands of authorities as his attorney and federal investigators negotiate for his deposition without endangering his freedom.

Richard Harkless, former head of MX Factors, left his Riverside home last year to run a crabbing operation in Ensenada, Mexico, according to court documents.

In a hearing in federal court Monday, Harkless' attorney Pat Swan said his client wants to return to the United States to give his deposition, but wants a guarantee that he won't be arrested in the process.

Harkless is not facing criminal charges in connection with MX Factors. However, he is in contempt of court after defying a court order last July to surrender his passport and return assets to the United States.

Jose Sanchez, an attorney for the Securities and Exchange Commission, told U.S. District Court Judge Stephen G. Larson that the commission would support suspending the contempt-of-court bench warrant in exchange for Harkless' deposition.

Harkless has previously declined to answer questions in the ongoing Securities and Exchange Commission investigation, choosing to invoke his constitutional rights.

Harkless declined twice this year to return to the United States for a deposition. The deposition was initially scheduled for March 9 in Los Angeles and later rescheduled for April 13 in San Diego.

Swan said Harkless left for Ensenada a month after the Securities and Exchange Commission filed its civil case against MX Factors, Harkless and several partners.

Harkless now lives and works in Ensenada.

Speaking through attorneys, Harkless has agreed to give his deposition in Ensenada.

According to documents filed in the case, Securities and Exchange Commission investigators believe Harkless was the lead figure of MX Factors, a Riverside-based company that investigators say bilked investors of more than \$55 million.

The California Department of Corporations moved to shut down the company in September 2003.

Last February, the Securities and Exchange Commission filed a civil case in federal court in Riverside to gain control of the company and its subsidiaries. The court appointed Robb Evans & Associates to break down the company and its assets in an effort to pay back investors.

Reach Paul Herrera at (909) 806-3074 or pherrera@pe.com

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